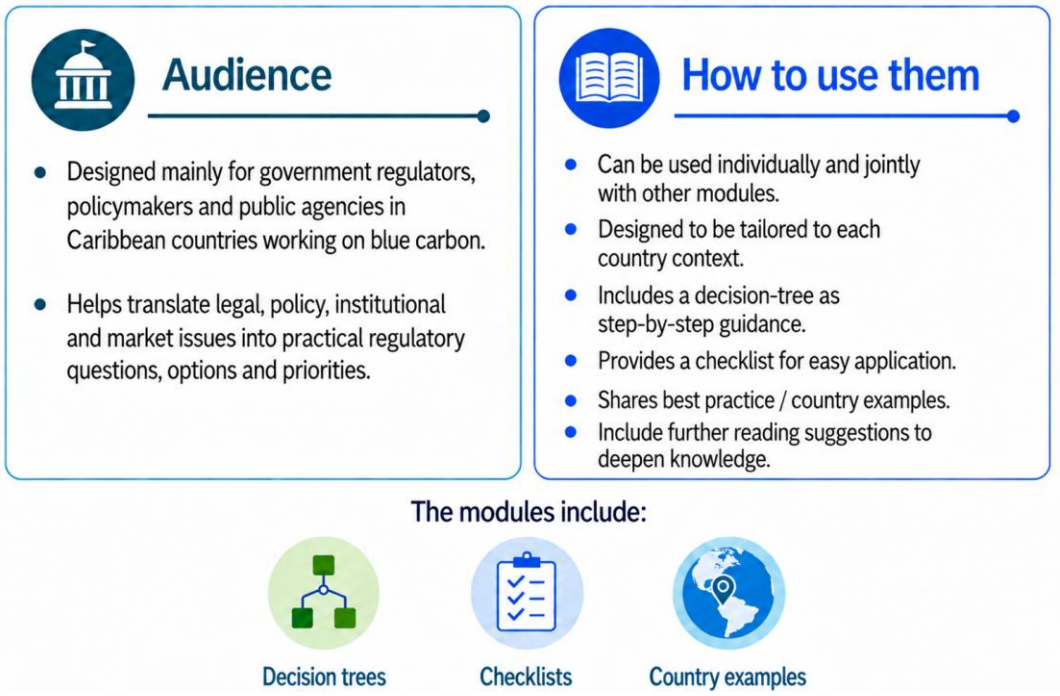
# Blue Carbon Toolkit, 2026

## Module 3: Benefit Sharing

These modules are designed to support CARICOM countries in advancing legal, regulatory, and institutional readiness for blue carbon market participation.




Specifically, this benefit-sharing module is important for the following stakeholders:

| Primary audience | Secondary audience |
|---|---|
| ☒ Political Leadership (Cabinet) | ☒ IPLCs (incl. women, fisheries organizations etc.) |
| ☒ Climate and Environment (incl. UNFCCC focal point, etc.) | ☐ Science, Research and Development (R&D) |
| ☒ Fisheries and Marine Affairs | ☒ Civil Society |
| ☒ Attorney General & Legal Affairs | ☒ Blue Carbon Project Actors (developers, carbon crediting entities, validators & verificators /VVBs ) |
| ☐ Lands and Planning (including Land Surveys) | ☐ Markets and Finance (including investors) |
| ☒ Finance / Treasury | ☐ Coastal Infrastructure entities |
| ☒ Gov't responsible for Community, Indigenous People (incl. local Gov't) | ☐ Tourism Industry |
| ☒ Dedicated Regional Bodies (incl. Caribbean Community Climate Change Centre (CCCCC / 5Cs) and UNFCCC Regional Collaboration Centre (RCC)) | |

This module is intended for government officials involved in the development, regulation, approval, implementation, or oversight of blue carbon activities who want to understand what benefit sharing is and how it can be effectively designed and implemented. It provides guidance on the key elements that should be considered in a Benefit-Sharing Plan, including identifying beneficiaries, defining benefits and eligibility criteria, establishing allocation and disbursement arrangements, and setting up verification, accountability, grievance, and review mechanisms (Sections 1-4).

The module can support government officials in different roles: as regulators, by helping them consider how benefit-sharing requirements could be established in law, regulation, or policy (Section 5); as project proponents or implementing entities by providing guidance on how a Benefit-Sharing could be designed and implemented; or as authorities responsible for supervising blue carbon projects, by providing guidance on how to assess if a BS plan is correctly implemented (Sections 3 and 7).



### WHAT GOVERNMENTS CAN DO AS REGULATORS?

Governments act in two roles: **as regulators and supervisors**, setting benefit-sharing requirements in law, regulation or policy and overseeing them; and **as project proponents or implementing entities**, designing robust plans themselves. Governments can regulate benefit sharing along two dimensions: (i) the **legal force** of the framework, ranging from non-binding soft law to binding hard law; and (ii) the **degree of prescription**, ranging from facilitative approaches, which establish principles and require benefit-sharing arrangements, to prescriptive approaches, which establish specific participation, allocation, and disbursement requirements.

**Facilitative regulation**

Set principles and procedural duties; leave design to project participants.

- Define the principles that benefit-sharing plans should follow — e.g. consultations on benefit sharing must take place before project implementation begins, rights and cultures must be respected, benefits must be shared fairly and equitably, and arrangements must be transparent and accountable.

**Prescriptive regulation**

Impose binding requirements to guarantee a floor of equity across projects.

- Set a minimum percentage of carbon revenues to be distributed to communities.
- Set the key principles benefit sharing must comply with.

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# 1 Understanding Benefit Sharing and Blue Carbon

**Benefit sharing** refers to the mechanisms and arrangements through which benefits generated by a nature-based carbon project are transparently and equitably distributed among relevant stakeholders and rights holders. Effective benefit-sharing arrangements recognise rights, contributions, costs and legitimate interests, strengthen stakeholder support and help ensure the long-term sustainability of project activities. They are informed by the following goals:

- **Reward and Incentives**: Benefit sharing rewards stakeholders for their contributions to conservation, restoration and other project outcomes, and creates incentives for achieving environmental and climate objectives.
- **Fairness and Trust:** Transparency around project costs, financial flows and the distribution of benefits enables stakeholders to understand how value is shared, promoting fairness, accountability and trust.
- **Long-Term Commitment:** Providing communities, public authorities and other stakeholders with a meaningful stake in project outcomes creates incentives for continued participation and helps sustain conservation and restoration efforts over time.
- **Recognition of Rights and Interests:** Benefit-sharing arrangements help ensure that not just formal landowners, but also customary tenure holders, local communities and other rights holders receive appropriate recognition and an equitable share of the benefits generated through the use and stewardship of natural resources.
- **Project Integrity and Market Value:** Transparent and participatory benefit sharing strengthens the social integrity and legitimacy of nature-based projects. Where projects generate environmental credits or other marketable outcomes, strong benefit-sharing arrangements can also enhance their credibility and attractiveness to buyers and investors.

## How is benefit sharing relevant to blue carbon interventions?



- **Multiple users and stakeholders:** Blue carbon ecosystems are often densely used socio-ecological systems, supporting multiple communities and economic activities. Benefit sharing helps ensure that those who depend on and contribute to these ecosystems participate in and benefit from interventions.
- **Livelihood impacts and opportunity costs**: Conservation or restoration may restrict fishing, harvesting or other uses. Benefit sharing can compensate for costs and provide alternative livelihood opportunities.
- **Overlapping rights and tenure:** Coastal ecosystems often involve formal, customary and informal rights and uses. Benefit sharing provides a mechanism for recognizing these different interests.
- **Benefits beyond carbon:** Blue carbon interventions can generate benefits for fisheries, biodiversity, coastal protection and livelihoods. Benefit-sharing arrangements can help distribute these wider benefits.
- **Long-term stewardship:** Blue carbon outcomes depend on sustained local support and management. Benefit sharing can create incentives for continued conservation and restoration.

# 2 Benefit Sharing and Carbon Standards

Despite its importance, benefit sharing has historically not been a core requirement of carbon standards. The World Bank's Forest Carbon Partnership Facility (FCPF) was the first major carbon framework to introduce explicit benefit-sharing requirements, making the preparation of benefit-sharing arrangements a key component of jurisdictional results-based payments. This approach subsequently influenced the treatment of benefit sharing in other carbon market frameworks and standards.

Today, carbon standards require blue carbon (BC) projects to establish benefit-sharing arrangements as part of their social safeguard requirements, though with varying degrees of detail. Carbon standard requirements range from fixed revenue-sharing thresholds to mandatory benefit-sharing plans subject to procedural requirements governing their design and implementation.

- **Plan Vivo (Climate 5.7)** is the only standard that prescribes a minimum revenue-sharing threshold, requiring "at least 60% of income from the sale of Plan Vivo Certificates, net of applicable taxes and fees, to directly benefit Project Participants and other Local Stakeholders."
- **Verra's VCS v5.0** requires to "design a benefit sharing mechanism jointly with [affected] right holders before the project start date", defining benefit types, distribution arrangements, transparency, and periodic reporting.
- **Cercarbono** requires the project holder to "generate a benefit-sharing plan or distribution mechanism, especially when it involves social groups." The plan must identify direct and indirect benefits, allocated by stakeholders' level of involvement and distributed through the community's own governance structures. Benefits can be classified as financial or non-financial
- **Gold Standard Safeguarding Principles & Requirements** do not impose a benefit-sharing plan or revenue-share obligation. Its "Principle 4.4: Indigenous Peoples" only requires that the stakeholder consultation and engagement "shall be established at the beginning of programme or project implementation" (Principle 4.4.8).
- **Climate Action Reserve** (CAR) does not refer to benefit sharing. However, the Mexico Forest Protocol v3.0 (applied to blue carbon projects in Mexico) refers to "Anticipated Benefits" (Section 3.9), requiring Forest Owners to present anticipated economic benefits to a general Assembly before registration, covering "distribution of benefits to the community and/or community members, including anticipated timing of distributions, and division of benefit payments to other actors."
- **Isometric's Mangrove Restoration Protocol** is looser: benefit-sharing is only a recommended activity (Section 6.6.2.2), with proponents "strongly recommended" to disclose revenue projections and each stakeholder's "precise percentage of revenue" during FPIC (Section 6.6.1); the one binding element is that an existing revenue-sharing agreement, if any, must be publicly disclosed, with no minimum share or distribution mechanism mandated.

It should be noticed that carbon standards generally do not differentiate their benefit-sharing requirements according to the type of carbon project. Thus, blue carbon activities are subject to the same benefit-sharing principles and requirements as other nature-based carbon projects.

Of particular importance is the ICVCM Core Carbon Principles (CCPs), which are widely regarded as the leading benchmark for high-quality carbon credit and require carbon standards and methodologies seeking CCP eligibility to include benefit-sharing arrangements. While the CCPs do not prescribe a specific benefit sharing model or allocation formula, it requires a benefit sharing plan to be transparent, publicly disclosed and designed to ensure that benefits are distributed in a fair and accountable manner among relevant stakeholders. In practice, the alignment of carbon projects with the CCPs is increasingly expected by buyers, including becoming a key requirement in carbon investment decisions.

### Paris Agreement and Article 6:

The Paris Agreement does not explicitly refer to benefit sharing in the context of carbon markets. While Article 6.2 requires participating Parties to promote sustainable development and ensure environmental integrity, it leaves the design of benefit-sharing systems to national legal frameworks and the rules of applicable carbon standards. Under Article 6.4 Paris Agreement Crediting Mechanism (PACM), the Art. 6.4 Sustainable Development Tool (SDT) was adopted as mandatory assessment to operationalize the sustainable development requirement contained in Article 6.4. Although the SDT contains several references to benefit sharing in relation to IPLCs, it does not mandate any particular benefit-sharing model or define how benefits should be allocated. Rather, it adopts a procedural approach, requiring measures such as consultations, good-faith negotiations, and respect for the rights of IPLCs.

## Which of these standards are most relevant to blue carbon interventions?



- **Globally, most blue carbon projects have been developed under Verra's VCS.** New projects must follow the latest guidance from the VCS (currently version 5), which requires benefit sharing arrangements to be developed including all relevant rights holders and stakeholders (including indigenous people and local communities). Notably, the benefit sharing mechanism "must be jointly designed, based on clear and upfront financial information, and in place before the project starts".[1]
- **A growing number of (mostly small) community-led blue carbon projects follow the guidance from Plan Vivo.** The Plan Vivo Standard requires a significant share (minimum of 60%) of project revenues to benefit project participants and local stakeholders.[2]
- **In Latin America, CAR has been widely used for in-land carbon projects (though some BC projects exist under the Standard).** Generally, blue carbon projects in the region have used a range of standards, including CAR (e.g., Mexico's San Crisanto project) and the VCS (e.g., Colombia's Vida Manglar and Belize's Turneffe Atoll project). Other standards are also emerging as options for blue carbon in the region. Plan Vivo has two blue carbon projects in the pipeline (one in Peru[3]), while Gold Standard,[4] Cercarbono[5] and BioCarbon Standard[6] have recently introduced methodologies applicable specifically to mangroves and other blue carbon ecosystems. Out of these, the Gold Standard has already registered its first mangrove project (Indonesia) under its Sustainable Mangroves methodology.[7]

[1] Verra. 2025. *Verra Launches Version 5 of the VCS Program.* Accessed 9 September 2026. https://verra.org/program-notice/verra-launches-version-5-of-the-vcs-program/
[2] Plan Vivo 2026. *PV Climate Project Requirements*, Version 5.7. PV Climate Project Requirements v5.7 and https://www.planvivo.org/projects/certify-a-project/pvclimate
[3] PV Pipeline. Accessed 9 September 2026. https://www.planvivo.org/category/pipeline
[4] Gold Standard 2024. *Nature Activities Hub, expansion in Blue Carbon and Freshwater Wetlands.* https://globalgoals.goldstandard.org/nature-activities-hub-expansion-in-blue-carbon-and-freshwater-wetlands/
[5] Cercarbono 2026. Accessed 9 September 2026. CM-LU-CW-001 -Blue Carbon Methodology for Mitigation of Climate Change in Coastal Wetlands. https://cercarbono.com/methodologies/
[6] BioCarbon 2026. Accessed 9 September 2026. Blue Carbon Methodology v1.0 at : https://biocarbonstandard.com/es_es/afolu/
[7] Global Mangrove Trust 2026. *Global Mangrove Trust Registers First Blue Carbon Project Under Gold Standard's Sustainable Management of Mangroves Methodology.* 23 February 2026. Global Mangrove Trust – first Gold Standard mangrove project

# 3 Identifying Beneficiaries

Beneficiaries can be individuals, communities, organizations or public entities that may be recognised as a beneficiary based on one or more of following three considerations:

a) **the rights that the stakeholder holds in relation to the relevant blue carbon land**, natural resources or ecosystem services (mangrove concession rights, traditional user rights, mangrove forest exploitation licenses, fishing licenses, etc);

b) **the stakeholder's contributions and behaviour change contributing to the conservation and stakeholders affected by blue carbon project implementation**, restoration or sustainable management of the blue carbon ecosystem and to the implementation of the activity (e.g., planting and restoring mangrove trees; clearing and maintaining water channels; avoiding certain fishing areas or certain fishing practices; monitoring state of mangroves, etc); and or abstaining from adopting or dropping certain practices (e.g., clearing mangroves for charcoal production or deploying nets in sensitive seagrass areas);

c) **the stakeholder's responsibilities and legitimate interests in relation to the ecosystem and the long-term success of the activity** (coastal or forestry agencies in charge of forest and coastal protection; water authorities in charge of enforcement of water discharges, etc).

## Who are the beneficiaries in blue carbon activities?

- **Beneficiaries of blue carbon activities can include a range of stakeholders, depending on the project context:** landowners, right holders, implementing entities, project developers and investors, communities in the buffer zones, and government entities (See Figure 1. Blue Carbon Beneficiary Profiles). The benefit-sharing plan should clearly define the beneficiaries based on the country context and project characteristics.
- **Beneficiary eligibility varies by ecosystem.** Mangroves may be subject to land-tenure rights; seagrass beds are generally submerged in public land, making use and dependency, such as fisheries, more relevant; and salt marshes may overlap with agricultural rights (see Annex 3 for details).
- **Blue carbon ecosystems often involve multiple government agencies with overlapping mandates**. For example, mangroves may fall under both forest and coastal authorities. When an ecosystem is within a protected area, such as seagrasses in marine protected areas, both protected area and fisheries authorities may have responsibilities. Identifying the relevant government institutions is therefore important to determine who has authority, responsibilities, or entitlement to benefits.

**Figure 1. Blue Carbon Beneficiary Profiles**

# Blue Carbon Beneficiary Profiles

Beneficiaries are individuals, communities, organizations or public entities whose eligibility to receive benefits is based on their rights, contributions, responsibilities or legitimate interests.

## 1. LANDOWNERS

**Who are they?**

Individuals, communities, companies, or public entities that hold recognised rights over land where a blue carbon activity takes place.

**Why may they be eligible?**

Their rights over the land may be linked to carbon rights and therefore to eligibility to receive benefits.



**Examples**

- State landowners
- Private landowners
- Community landholders
- Owners of mangrove, salt marsh or seagrass areas

## 2. RIGHTS HOLDERS

**Who are they?**

Individuals or communities with recognised rights to access, use, manage or benefit from coastal areas and their resources.

**Why may they be eligible?**

Their rights to use or manage coastal resources may be affected by, or contribute to, the blue carbon activity.



**Examples**

- Fisheries licence holders
- Seafood harvesters
- Mangrove exploitation rights holders
- Other customary or use rights holders

## 3. IMPLEMENTING ENTITIES

**Who are they?**

Entities that implement activities that contribute towards the conservation or restoration of blue carbon ecosystems.

**Why may they be eligible?**

Their efforts, time, resources and local knowledge are essential to achieving the activity's results.



**Examples**

- Community-based organisations involved in restoration, conservation, monitoring or stewardship
- Local conservation associations
- Fisheries associations implementing sustainable practices
- Women seafood harvester organisations adopting sustainable practices

## 4. PROJECT PROPONENTS / INVESTORS

**Who are they?**

The entity that develops the blue carbon project and the investors that provide financial or technical resources.

**Why may they be eligible?**

They take on financial, technical and operational risks to design, finance and implement the activity.



**Examples**

- Companies
- Government entities
- NGOs
- Communities
- Impact investors
- Other investors

## 5. COMMUNITIES IN THE BUFFER ZONE

**Who are they?**

Communities that contribute indirectly to the conservation/ restoration of the blue carbon activity or bear opportunity costs or restrictions as a result of the project.

**Why may they be eligible?**

Their livelihoods or land use may be affected by the activity, or they may support its long-term success.



**Examples**

- Coastal communities relying on mangroves for fisheries, forest products and other services
- Fishers or shellfish harvesters facing temporary restrictions
- Adjacent landowners affected by land use changes

## 6. GOVERNMENT ENTITIES

**Who are they?**

Government authorities or agencies that provide institutional support, coordination or enforce policies relevant to the blue carbon activity.

**Why may they be eligible?**

They provide key services and functions that enable, regulate or sustain the activity.



**Examples**

- Protected area authorities managing marine protected areas or mangrove reserves
- Forestry and coastal management agencies undertaking restoration, inventory or monitoring
- Water authorities responsible for water quality and enforcement of the law

## 4 What are the different types of benefits?

**Benefits arising from carbon activities can be classified into carbon and non-carbon benefits**. Carbon benefits may, in turn, be monetary or non-monetary (See **Error! Reference source not found.**). A benefit-sharing plan should define the types of benefits to be shared and establish the mechanisms for their distribution. Ideally, the plan should further specify the proportion of benefits allocated to each beneficiary group and describe the processes and arrangements through which benefits will be delivered.

Benefit-sharing plans should identify and account for all benefits generated by the carbon activity, including both carbon and non-carbon benefits. Non-carbon benefits (or co-benefits) are generally indirect or embedded in the broader outcomes of the activity and do not require a specific allocation mechanism. Carbon benefits, by contrast, monetary or non-monetary, require decisions on who receives them, how much is allocated, when benefits are distributed, and what they are used to finance. These allocations are often determined through project-specific or stakeholder-agreed arrangements and may therefore be discretionary. Benefit-sharing plans help ensure transparency by clearly setting out how carbon benefits are allocated and distributed among beneficiaries.

**Figure 2. Carbon and Non-Carbon Benefits**




### Modalities of disbursement:

There are two main distinct approaches (activity or performance-based) and a mixed one (hybrid) for determining the conditions under which beneficiaries become entitled to receive benefits.

- **Activity-based benefits** reward the implementation of agreed conservation or restoration actions. These payments can help kickstart mitigation activities, support vulnerable beneficiaries, and reduce the administrative complexity of distributing benefits under multiple conditionalities.

- **Performance-based benefits** are received by communities and other stakeholders only after the carbon activity has achieved defined carbon outcomes, such as the verification of carbon removals or after the sale of carbon credits. Under this approach, benefits are typically distributed as a pre-agreed percentage of carbon revenues. Logically this approach creates strong incentives for beneficiaries to contribute to achieving high carbon performance although it does not offer concrete guarantees for payments.

- **Hybrid approaches** combine benefits for carrying out agreed blue carbon activities, such as mangrove restoration, conservation or monitoring, with additional benefits linked to achieving defined results, such as the generation and sale of verified carbon credits

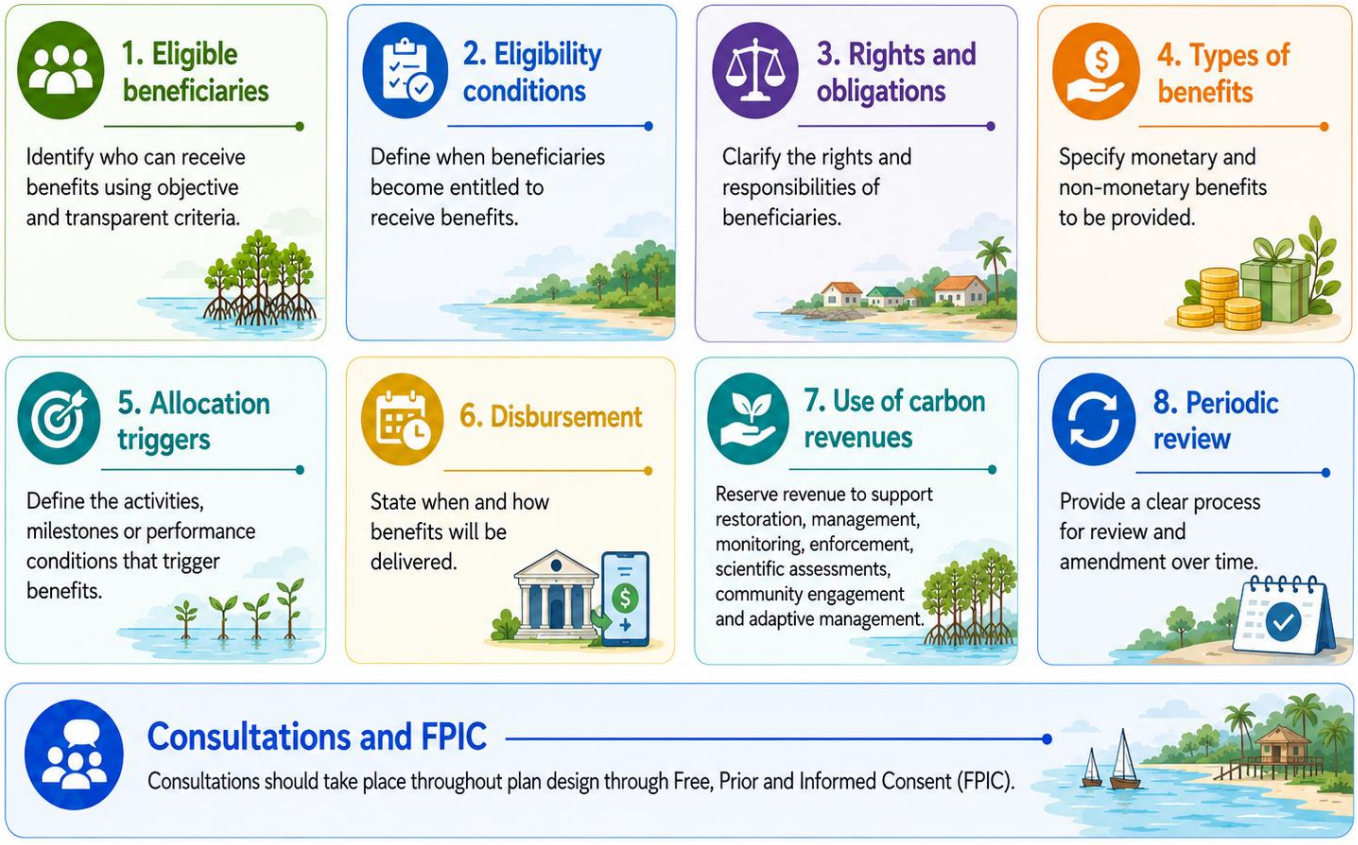
## 5 How to design a Benefit Sharing Plan?

The plan should clearly identify the eligible beneficiaries based on objective and transparent criteria and define the conditions under which they become entitled to receive benefits. It should specify the rights and obligations of beneficiaries, the types of monetary and non-monetary benefits to be provided, the milestones or performance conditions triggering the benefit allocation, and define when and how benefits are disbursed.

The plan should also consider how carbon revenues can support the activities that generate and maintain carbon benefits over time. This may include allocating a portion of carbon revenues to activities such as ecosystem restoration and management, monitoring, enforcement, scientific assessments, community engagement, and adaptive management. The benefit sharing plan should also provide for a clear and transparent mechanism for periodic review and amendment (see Annex 2 for more information).

Finally, consultations – including Free, Prior and Informed Consent (FPIC) – are a core requirement throughout the development of benefit-sharing plans. Carbon standards require engagement with stakeholders through FPIC, while country legal frameworks may sometimes also require FPIC. Therefore, consultations should always be conducted through an FPIC process (See further – examples on *How are benefits distributed?*).

**Figure 3. Summary - Key Elements of a Benefit Sharing Plan**



### Considerations in the development of blue carbon benefit sharing plans:



- **Build on existing structures to identify and consult relevant groups.** Fisheries associations often have established relationships with local communities and decision-making processes. Protected area authorities may already have information on communities within protected areas, including the number of people, relevant groups, women, and their roles.
- **Define clearly how distributable revenues are calculated.** The benefit-sharing plan should distinguish project costs from revenues available for distribution and explain whether allocations remain fixed or adjusted as carbon revenues change.
- **Consult affected blue carbon stakeholders and apply FPIC where required.** Engage affected coastal communities and resource users early in deciding how benefits are shared.

## 6 How are benefits distributed?

Benefit-sharing mechanisms must determine how benefits are disbursed among eligible beneficiaries. Three main approaches to benefit distribution have emerged:

1) **Direct revenue sharing,** where project developers pay directly to beneficiaries;
2) **Government-administered distribution,** where revenues flow through a government fund redistributed via existing programs, and
3) **Community funds,** where revenues are transferred to a dedicated fund managed by an elected committee.

Many projects combine elements of two or more approaches depending on the project context, scale, and community capacity.

While direct revenue sharing and government-administered distribution may be appropriate in certain contexts, establishing a dedicated community fund can provide a stronger governance framework for managing and distributing benefits. A ring-fenced fund, managed through clear and transparent governance arrangements, can help ensure that revenues are protected from diversion, used for their intended purposes, and subject to appropriate oversight and accountability. It can also enable communities to collectively decide how benefits are allocated between individual payments and investments in shared priorities, such as infrastructure, conservation, or local services. Depending on the context, the fund may be managed by a community committee, an independent entity, or another institution with appropriate safeguards for community participation and oversight.

Before benefits are disbursed, the conditions established in the benefit-sharing plan should be verified. The type of verification will depend on whether benefits are activity-based or performance-based. The benefit-sharing plan should clearly identify who is responsible for verifying (e.g. project developer or a third party) that the relevant activities or results have been achieved and the conditions that must be met before benefits are disbursed.

## How are blue carbon projects around the world distributing benefits?

### PROJECTS



**Vida Manglar, Colombia** - blue carbon project spanning Cispatá Bay and the Gulf of Morrosquillo, in Colombia, certified under Verra's VCS and CCB Standards.

| How are revenues used? | How are funds managed? | How do communities participate? |
|---|---|---|
| More than **80% of carbon revenues** are reinvested in project implementation and local benefits. | Revenues are channelled through **Fondo Acción**, with annual investment plans reviewed through project governance bodies. | Local mangrove associations are represented on the **Technical Committee** and participate through workshops and feedback processes. |

The project focuses on avoiding unplanned mangrove deforestation and conserving wetlands. Carbon revenues are channeled through Fondo Acción, a Colombian non-profit entity with independent legal personality and accredited fiduciary capacity (Green Climate Fund, Adaptation Fund). Annual investment plans are proposed by the Technical Committee and approved by the Steering Committee. More than 80% of revenue from blue carbon credit sales is reinvested in project implementation: local staff, REDD+ and wetland conservation activities, sustainable livelihoods, local capacity building, and sustainable mangrove management agreements. The remaining 20% covers administration, credit marketing, and general management costs. Vida Manglar embeds community participation in its governance and consultation processes. Two representatives of local mangrove associations, selected by the communities themselves, sit on the Technical Committee overseeing annual planning. The project also uses participatory dialogue workshops and multiple channels for communities to provide feedback, with specific measures to encourage women's participation. [8]



**Mikoko Pamoja, Kenya** - community-led blue carbon project located in Gazi Bay, Kenya, and the world's first mangrove conservation and restoration project certified under the Plan Vivo Standard.

| How are revenues used? | How are funds managed? | How do communities participate? |
|---|---|---|
| **62% of carbon revenues** is allocated to community benefits, while 38% covers project implementation costs. | Community development spending is agreed annually through the **Mikoko Pamoja Community Organisation (MPCO)** and is subject to annual audit. | Community members **propose, rank and publicly review** priorities for the use of carbon revenues before final approval. |

[8] See: https://vidamanglar.co/preguntas-frecuentese/ and https://vidamanglar.co/wp-content/uploads/2025/08/2025_01_29_REPORTE-MONITOREO-VM-2019-2023.pdf

Carbon credit revenues are received by the project coordinator and allocated between project costs and community benefits. 38% covers project implementation costs, while 62% is allocated to the community. Of the total carbon credit revenues, 26% funds community development activities identified through the annual Community Benefit Consultation Process, while 36% supports the employment of local project teams. The consultation process is as follows:

1. Community proposals: Members of the Mikoko Pamoja Community Organisation (MPCO) collect proposals for the use of carbon revenues from their respective communities.
2. Prioritization: The full MPCO membership reviews, discusses, and ranks the proposed expenditures according to community priorities.
3. Public consultation: The ranked priorities are publicly disclosed in the villages and on the project website for one month, allowing any local resident to provide comments or additional suggestions.
4. Final approval: The MPCO holds a confirmation meeting to approve the final list of expenditure priorities.
5. Annual audit: At the end of each financial year, an independent audit verifies how the funds were allocated and spent.

## PROGRAMS



**Guyana – Jurisdictional Forest Carbon Programme -** Government-led jurisdictional forest carbon programme under ART-TREES (incl. mangrove trees).

How are revenues used?
- **15%** of carbon revenues dedicated **directly** to participating Indigenous and hinterland communities.
-remaining **85%** supports broader national and multi-community priorities, including health, education, land titling and climate resilience.

How are funds managed?
Community revenues are channelled through **Village Sustainability Plans (VSPs)** and transferred directly to participating villages, including through village bank accounts.

How do communities participate?
Communities decide their own spending priorities through their **VSPs**, following national and community consultations. The benefit-sharing framework was developed with IPLC participation and endorsed by the representative body of Amerindian communities

Guyana has developed a national forest carbon programme under ART-TREES. The benefit-sharing approach – derived from the principles set in Low Carbon Development Strategy (LCDS, 2030), – was developed through extensive national and community consultations and was endorsed by the representative body of Amerindian communities. The LCDS establishes a clear procedural framework for consultation and community decision-making, aligned with FPIC. Participation of IPLCS in the program is voluntary and the mechanism is inclusive of both titled and untitled IPLCs as well as communities with and without forest cover.

*See benefit sharing principles, process and implementation in the Third Summary of REDD Safeguards by Guyana (2024).*

The benefit-sharing mechanism has two complementary pathways:

1. **Village/community benefits – 15% of revenues.** Participating communities receive a direct share of carbon revenues through Village Sustainability Plans (VSPs), which are developed by the communities themselves. The VSP must be approved at a Village Communities determine their own priorities, which may include livelihoods, infrastructure, education and other sustainable-development needs. The government supports villages to prepare VSPs. The dedicated revenue stream is shared among communities that voluntarily opt in, irrespective of their forest coverage, and there is no deadline for

joining. Distribution of these revenues to participating villages has already begun, with funds transferred directly to village bank accounts.

2. **Multi-community and national benefits – 85% of revenues.** The remaining revenues finance broader low-carbon and development priorities, including health, education, land titling, climate resilience and other investments benefiting Amerindian and other local communities as well as the wider population.

## 7 How can governments engage in benefit sharing?

Governments can have two distinct roles in benefit sharing:

1) **As regulators and supervisors of carbon projects**, they can establish benefit sharing requirements through law, regulation, or policy, and oversee their implementation and enforcement
2) **As project proponents or implementing entities**, taking on direct responsibility for designing a robust benefit sharing plan in a blue carbon project developed by government agencies.

### Governments as Regulators:

Carbon market standards, such as VCS, CCB, and Plan Vivo (see Section 2), have developed detailed requirements for carbon projects and for benefit sharing. This can lead governments to ask a fair question: if standards already set these requirements, does the government also need to regulate?

There are at least two arguments in favor of regulating the matter. First, regulation helps ensure compliance; a national requirement is a stronger guarantee than relying on the standard alone. Second, governments know their own country best. They understand the local context and the stakeholders involved, including IPLCs, so they can shape benefit sharing around national priorities.

**Option 1: Non-binding guidelines (soft law).** The government can draft guidelines that are not legally binding. These guidelines define what benefit sharing means in the country and describe the principles developers should follow. They could be grounded in the country's existing safeguards.

**Option 2: Binding regulation (hard law).** The government can instead regulate benefit sharing directly, with a choice between two degrees of control.

- ***Facilitative regulation.*** Establish the process to make sure benefit sharing happens in a transparent and just way, allowing project developers flexibility to design arrangements suited to the particularities of the carbon activities.
- ***Prescriptive regulation***. Establish a clear regulatory framework that requiring the government to be one of the benefit-sharing beneficiaries or set revenue quotas for specific stakeholder groups.

#### *1) Facilitative Regulation:*

Under a facilitative approach, governments establish the process requirements and principles for benefit sharing. Project participants keep the flexibility to design arrangements suited to their specific carbon activities.

Governments will typically require project developers to: establish the process for developing and implementing benefit sharing. Prepare a benefit-sharing plan consistent with international standards. Conduct Free, Prior and Informed Consent (FPIC) under national legislation or an equivalent stakeholder consultation process.

| Advantages: | Challenges: |
|---|---|
| • Low effort and low risk, mistakes in developing benefit-sharing plans are easier to correct along the way<br>• Provides flexibility to reflect the particularities of each carbon activity | • Outcomes may vary between projects, since the framework leaves gaps and significant agency to the project developer.<br>• Communities with limited negotiating capacity may receive fewer benefits<br>• Needs effective oversight and transparency |

### *2) Prescriptive Regulation:*

A prescriptive approach establishes specific touchstones for the benefit sharing process and plan, often linked to

- **Distinct rules** for money flows
- **Distinct (direct) role for the government** (e.g., the benefit sharing plan must be negotiated with the government and/or the government has a specific role in distribution).
- **Distinct provisions on quotas** and benefit distribution

| Advantages: | Challenges: |
|---|---|
| • Helps protect vulnerable rights holders and local communities.<br>• Establishes minimum standards that all projects must meet. | • May reduce flexibility to reflect project circumstances.<br>• Fixed allocation formulas may not be appropriate for all project types. |

## How do countries with a blue carbon focus regulate benefit sharing?

### FACILITATIVE REGULATION



**Belize**

The Climate Change and Carbon Market Initiatives Act, 2026 establishes Belize's legal framework for climate governance and carbon market participation. The Act defines a benefit-sharing agreement as an agreement between the Government and a project developer or landholder, establishing the allocation and distribution of financial and non-financial benefits from a carbon project (s. 2). Such agreements must be guided by the principles of "fairness, equity, justice, legality, transparency, efficiency, and solidarity" (s. 29).



**The Bahamas**

The Climate Change and Carbon Market Initiatives Act, 2022 establishes the legal framework for participation in domestic and international carbon markets, including carbon trading, project implementation, and the National Emissions Registry. While the Act does not prescribe benefit sharing

arrangements, it requires that carbon market initiatives avoid or minimize adverse environmental, economic, and social impacts (s. 14). Section 15 states that, "in keeping with the Paris Agreement, the Bahamas shall undertake best practices regarding share of proceeds" which could be understood as a benefit-sharing requirement.



**Mozambique**

Mozambique provides an example of integrating benefit sharing into the regulatory approval process without prescribing a fixed benefit-sharing model. Under Decree N. 23/2018 Decree No. 23/2018, a Benefit-Sharing Plan forms part of the requirements for obtaining a license to implement REDD+ and other eligible land-use carbon activities, including blue carbon activities. Rather than prescribing a fixed percentage or a uniform formula for distributing benefits, the framework allows benefit-sharing arrangements to be designed at project level and submitted for approval as part of the licensing process. The MozBlue Project, currently in validation, illustrates this approach: its REDD+ licenses for Zambézia and Sofala were granted with an approved Benefit-Sharing Plan, which is operationalised through Mangrove Guardianship Agreements with participating communities.

## PRESCRIPTIVE REGULATION



**Brazil**

Law No. 15,042/2024, establishing the Brazilian Greenhouse Gas Emissions Trading System (SBCE) sets minimum benefit-sharing requirements for carbon projects involving Indigenous Peoples, quilombola communities, traditional peoples and communities, family farmers, and other rights holders. The legislation requires an agreement ensuring that communities receive at least 50% of the monetary benefits derived from the sale in the case of projects and at least 70% of the carbon credits generated in jurisdictional programs (Art. 47(I)(b)).



**Kenya**

Kenya has adopted one of the most prescriptive statutory benefit-sharing regimes for carbon markets. The Climate Change Act (Art. 23.E.3-8) requires all land-based carbon projects on public or community land to be implemented through a mandatory Community Development Agreement (CDA), whose negotiation is supervised by both the national and county governments and which must be registered in the National Carbon Registry. The Act prescribes not only the mandatory content of the CDA—including stakeholder identification, community engagement, benefit-sharing arrangements, socio-economic development priorities, and periodic review—but also establishes minimum benefit-sharing thresholds. Specifically, communities must receive an annual social contribution of at least 40% of the aggregate earnings from land-based projects (25% for non-land-based projects), managed for their benefit.

## 8 Sources for further reading


- Forest Carbon Partnership Facility. (2024). *Guidance note on benefit sharing for emission reductions programs* (Version 4). https://www.forestcarbonpartnership.org/sites/default/files/documents/fcpf_guidance_note_on_benefit_sharing_for_er_programs_version_4_november_2024_english.pdf
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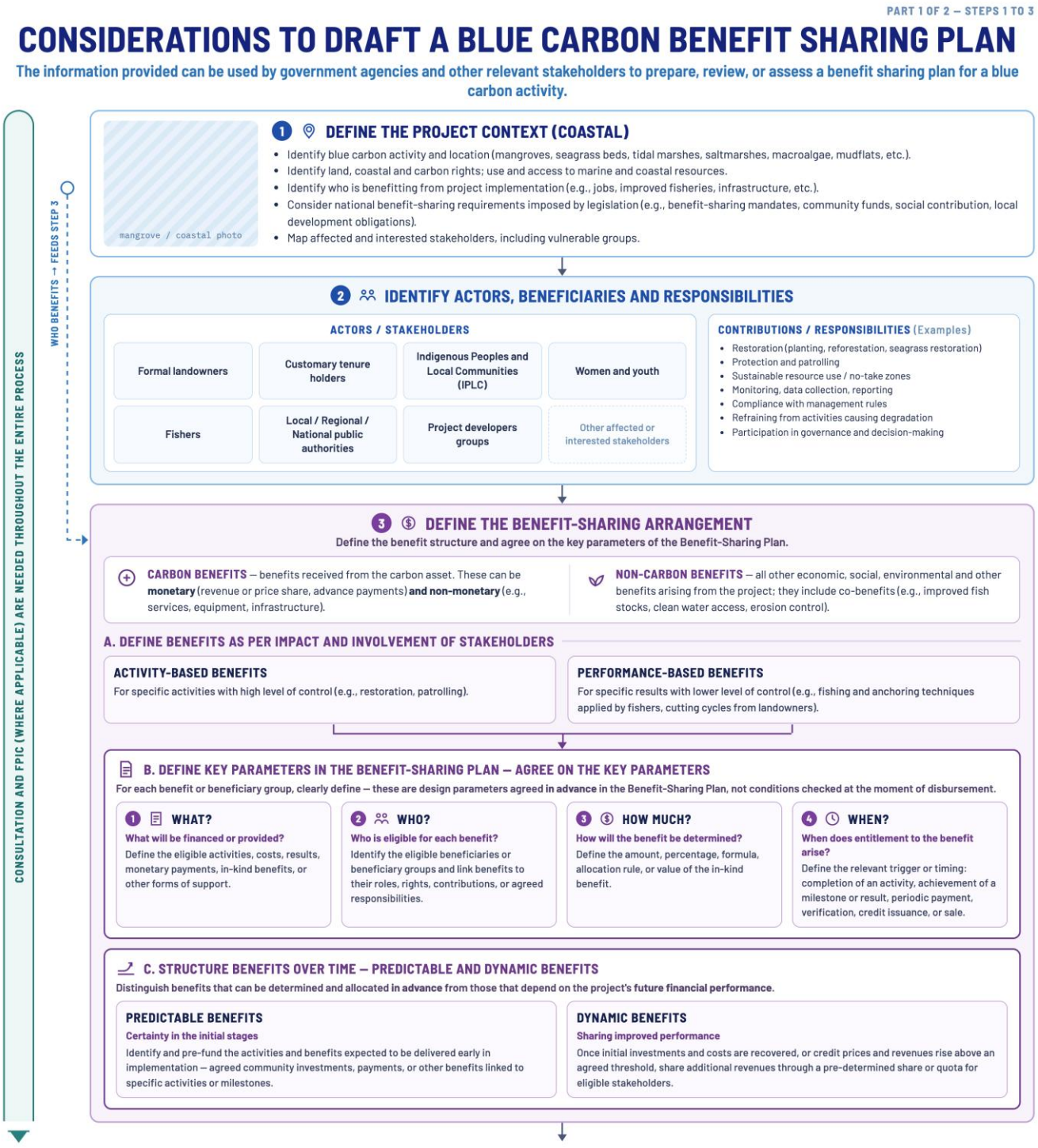
## Annex 1. Considerations to Draft a Blue Carbon Benefit Sharing Plan



PART 2 OF 2 — STEPS 4 TO 7

# CONSIDERATIONS TO DRAFT A BLUE CARBON BENEFIT SHARING PLAN

Continued — steps 4 to 7: verification and disbursement, accountability, grievances, review and adaptation.

CONSULTATION AND FPIC (WHERE APPLICABLE) ARE NEEDED THROUGHOUT THE ENTIRE PROCESS

## 4 VERIFY CONDITIONS AND DISBURSE BENEFITS

Confirm that agreed conditions are met and benefits are channelled through the agreed mechanism.

### A. VERIFY CONDITIONS FOR PAYMENT

**Activity-based benefits**
Verify that agreed activities or obligations have been completed (e.g., restoration, monitoring, patrolling).

**Performance-based benefits**
Verify that agreed results or milestones have been achieved (e.g., restoration outcomes, carbon performance).

**Who verifies?** Project proponent, programme authority, community representatives, or an independent third party, as agreed in the Benefit-Sharing Plan.

### B. DISBURSE THROUGH AGREED MECHANISM

**Direct payment**
The project proponent or programme pays eligible beneficiaries directly.

**Dedicated fund or funding stream**
Benefits are channelled through an agreed community fund, programme fund, trust, or other dedicated mechanism.

The mechanism should establish **who manages the funds, allocation rules, payment procedures, oversight and reporting requirements.**

**VERIFICATION / DISBURSEMENT CONDITIONS SATISFIED?**

NO → Corrective action / additional evidence → RE-VERIFICATION

YES → PAYMENT / BENEFIT DISBURSED

## 5 ACCOUNTABILITY & TRANSPARENCY

Ensure open, accountable and participatory management of benefit-sharing.

- Regular monitoring of BS implementation (social, environmental, financial).
- Periodic reports on benefits delivered (monetary and non-monetary).
- Maintain records: beneficiary, activity, amount, date, evidence, receipt.
- Community participation in monitoring and oversight.
- Financial audit and independent verification.
- Public disclosure of benefit-sharing outcomes (subject to confidentiality and applicable law).

## 6 GRIEVANCE PROCEDURE (IN CASE OF CONFLICTS)

A clear, accessible and fair grievance mechanism must be available to all stakeholders.

**Which grievance system will be used?**

- Use an existing grievance procedure of IPLC / communities (traditional, customary or established mechanism)

OR

- Establish a grievance procedure for the Benefit-Sharing arrangement (agreed in the BS Plan)

**Minimum elements:**

- Accessible and culturally appropriate
- Confidentiality and protection from retaliation
- Timely acknowledgement
- Transparent process and fair resolution
- Right to appeal / escalation
- Record keeping and lessons learned

## 7 REVIEW AND ADAPT

Review the BS Plan periodically or when circumstances change.

**Have circumstances materially changed?**

NO → Continue implementation, monitoring and reporting.

YES → Review BS Plan → Consult stakeholders (including FPIC where applicable) → Amend Plan → Update activities, benefits and disbursements.

**Examples of changed circumstances (coastal):**

- Ecosystem changes (erosion, sea level rise, storms, salinity)
- Changes in community needs, demographics or vulnerable groups
- Changes in resource use or access
- Changes in carbon revenues / market conditions
- Legal or regulatory changes
- Conflicts or grievances requiring adjustments

### GUIDING PRINCIPLES

- CONSULT EARLY AND CONTINUOUSLY
- RESPECT RIGHTS AND CULTURES
- SHARE BENEFITS FAIRLY AND EQUITABLY
- DO NO HARM
- BE TRANSPARENT AND ACCOUNTABLE
- ENSURE SUSTAINABILITY OF OCEANS AND LIVELIHOODS

### DIFFERENTIATE BETWEEN NATIONAL FPIC REQUIREMENTS AND STANDARD CONSULTATION REQUIREMENTS

A country may have national FPIC requirements that must be followed in addition to the standard consultation requirements. Where no national FPIC requirements exist, the standard consultation requirements should apply.

## Annex 2. Eligible Stakeholders by Ecosystem

### MANGROVES

#### 1. RIGHTS

Who holds recognised rights over the ecosystem?

- Private, public, or communal landowners
- Customary tenure holders
- Communities with recognised harvesting or fishing rights

#### 2. CONTRIBUTION

Who contributes to project implementation?

- Communities, fishers, NGOs
- Local enterprises
- Government agencies

involved in restoration, conservation, monitoring or enforcement

#### 3. AFFECTED INTERESTS

Whose rights or economic interests can be affected by project implementation?

- Holders of logging permits
- Aquaculture leaseholders
- Tourism concessionaires
- Other resource-use authorisations affected by conservation measures

### SEAGRASSES

#### 1. RIGHTS

Who holds recognised rights over the ecosystem?

- Governments or public authorities
- Fishers and communities with recognised fishing or customary marine resource rights

#### 2. CONTRIBUTION

Who contributes to project implementation?

- Fishers
- Coastal communities
- NGOs
- Research institutions
- Government agencies

involved in seagrass restoration, monitoring and stewardship

#### 3. AFFECTED INTERESTS

Whose rights or economic interests can be affected by project implementation?

- Holders of dredging permits
- Offshore mining or infrastructure concessions
- Aquaculture licenses
- Other marine-use authorisations affected by the activity

### SALT MARSHES

#### 1. RIGHTS

Who holds recognised rights over the ecosystem?

- Governments or public authorities
- Private landowners (where on private lands)
- Holders of customary resource-use rights

#### 2. CONTRIBUTION

Who contributes to project implementation?

- Landowners, farmers
- Conservation NGOs
- Local communities
- Research institutions
- Government agencies

involved in restoration, monitoring and management

#### 3. AFFECTED INTERESTS

Whose rights or economic interests can be affected by project implementation?

- Holders of grazing rights
- Drainage or reclamation permits
- Agricultural leases
- Coastal development authorisations
- Other authorisations restricted or phased out for restoration

## Annex 3. Checklist

**Purpose:** This checklist can be used by government agencies and other relevant stakeholders to prepare, review, or assess a benefit sharing plan for a blue carbon activity. It outlines the key elements that should be addressed, including beneficiaries and eligibility criteria, types and allocation of benefits, disbursement arrangements, verification and accountability mechanisms, grievance procedures, and periodic review.

| | Yes | No |
|---|---|---|
| **1. BENEFICIARIES AND ELIGIBILITY** | | |
| **Beneficiaries identified:** Does the Plan clearly identify the beneficiaries or beneficiary groups? | | |
| **Eligibility criteria:** Does it explain why each beneficiary is eligible, based on relevant rights, contributions, responsibilities or legitimate interests? | | |
| **Affected rights and interests:** Does it account for stakeholders whose existing rights, resource access or livelihoods may be affected by the activity? | | |
| **Vulnerable groups:** Does it adequately consider women and other vulnerable groups? | | |
| | | |
| **2. CONSULTATION AND PARTICIPATION** | | |
| **Stakeholder participation:** Does it demonstrate that relevant beneficiaries and affected stakeholders had an opportunity to provide input on who should benefit, what benefits should be provided, and how benefits should be allocated and delivered? | | |
| **FPIC requirements:** Where required by the country's legal framework, does the Plan demonstrate compliance with applicable Free, Prior and Informed Consent (FPIC) requirements? | | |
| **Timing:** Were consultations conducted early enough to influence the design of the benefit sharing plan, rather than only after key decisions had been made? | | |
| | | |
| **3. BENEFITS AND ALLOCATION.** For **each benefit or beneficiary group**, does the Plan clearly establish: | | |
| **WHAT?** What benefit will be provided or what activity, cost or result will be financed? | | |
| **WHO?** Who is eligible to receive the benefit? | | |
| **HOW MUCH?** What amount, percentage, formula, allocation rule or in-kind value will apply? | | |
| **WHEN?** When does entitlement to the benefit arise? | | |
| **Type of benefit** | | |
| Does the Plan distinguish between **carbon and non-carbon benefits**? | | |
| Does it identify whether benefits are **monetary or non-monetary**? | | |
| Does it specify whether benefits are **activity-based, performance-based or hybrid**? | | |
| | | |
| **4. ACTIVITIES, OBLIGATIONS AND PERFORMANCE CONDITIONS** | | |
| Does the Plan clearly identify the activities or obligations expected from beneficiaries, where applicable? | | |
| For **activity-based benefits**, does it define the activity or obligation that must be completed? | | |
| For **performance-based benefits**, does it define the result, milestone or performance condition that must be achieved? | | |
| Are the relevant indicators or milestones sufficiently clear to determine whether the condition has been met? | | |
| Does the Plan identify the evidence required to demonstrate completion or achievement? | | |
| | | |
| **5. VERIFICATION** | | |

| | | |
|---|---|---|
| Does the Plan establish how activities, obligations, results or milestones will be verified? | | |
| Does it identify **who is responsible for verification**? | | |
| Where relevant, does it provide for verification by the project proponent, programme authority, community representatives and/or an independent verifier? | | |
| Does it establish what happens when evidence is insufficient or a condition has not been met? | | |
| Does it provide for corrective action and re-verification where appropriate? | | |
| | | |
| **6. DISBURSEMENT MECHANISM** | | |
| Does the Plan specify **how benefits will reach beneficiaries**? | | |
| Does it identify whether benefits will be provided through **direct payments or a dedicated fund/funding stream**? | | |
| Where a fund or other intermediary mechanism is used, does the Plan identify **who manages it**? | | |
| Are allocation and payment procedures clearly established? | | |
| Is the timing/frequency of payments or other benefits established? | | |
| Are financial oversight and reporting responsibilities established? | | |
| | | |
| **7. MONITORING, TRANSPARENCY AND ACCOUNTABILITY**<br>Does the Plan establish how implementation of benefit sharing will be monitored? | | |
| Does it require records of benefits delivered, including beneficiary, activity, amount/value, date and supporting evidence? | | |
| Does it establish periodic reporting on monetary and non-monetary benefits? | | |
| Does it provide for appropriate community participation in monitoring or oversight? | | |
| Does it establish financial audit or independent verification requirements where applicable? | | |
| Does it establish how benefit-sharing outcomes will be disclosed, subject to confidentiality and applicable law? | | |
| | | |
| **8. GRIEVANCE AND DISPUTE RESOLUTION** | | |
| Does the Plan identify the grievance mechanism applicable to benefit-sharing disputes? | | |
| Does it specify whether an **existing community/IPLC mechanism** or a **project-specific grievance mechanism** will be used? | | |
| Is the mechanism accessible and culturally appropriate? | | |
| Are procedures and timelines for receiving and resolving grievances established? | | |
| Is there a process for appeal or escalation? | | |
| | | |
| **9. REVIEW AND ADAPTATION** | | |
| Does the Plan establish a **periodic review process**? | | |
| Does it identify circumstances that may trigger an extraordinary review? | | |
| Does it explain how beneficiaries and other affected stakeholders will participate in the review? | | |
| Does it establish how amendments to benefits, eligibility criteria, activities, allocation rules or disbursement arrangements will be agreed and documented? | | |
| Does it address consultation and FPIC for amendments where applicable? | | |